

**New Jersey Public Broadcasting Authority
Finance Committee Meeting
March 18, 2010 11:00 AM
NJN Studio Trenton**

MINUTES

The NJPBA Finance Committee Meeting was held on March 18, 2009 at 11:00 a.m. at the NJN Trenton Studio and via conference call. Those participating were Stephanie Hoopes Halpin, NJPBA Commissioner, Chair Finance Committee; Andrea Cummis, NJPBA Commissioner (via phone); Kent Manahan, NJPBA Commissioner; Roger Jacobs, NJPBA Commissioner; Howard Blumenthal, Interim Executive Director; Jim Petrino, Director of the Office of Public Finance, Department of the Treasury; Kavin Mistry, Deputy Attorney General; Janice Selinger, NJPBA Acting Chief Operating Officer; Sam Braun NJPBA Controller; and Beatrice Jones, NJPBA Financial Manager.

Also present were several NJPBA staff members – Judy Goetz (taking minutes), John Blair, Ronnie Weyl, Mary Kate Maloney, Nicole Gee, Eileen Gallagher, Kathy Budd and Patti Mondelli.

Stephanie Hoopes Halpin, Chair, called the meeting to order.

I. Approval of Minutes – December 3, 2009 Meeting.

Tabled. Minutes were not distributed prior to the meeting.

II. Financial Report – FY 2010 Actual vs. Budget/

Ms. Jones reviewed the Finance Report distributed to the board. The Corporation for Public Broadcasting has issued an additional stabilization grant in the amount of \$244,000. This brings the FY 2010 budget revenue to \$18,159,000. The expenses are \$18,180,000. This shows a small negative amount of \$21,000. We expect to absorb this shortfall by not using some of the expenses 100% such as the accounting system and employees which have left NJN – totaling a savings of \$108,000.

Ms. Hoopes Halpin thanked the staff and management for doing such a good job with a tight budget.

III. Audit Update

Mr. Braun reported that the Authority audit is substantially complete and a draft of the audit should be available for review early next week. After the audit is approved we will be able to file our CPB report which is due March 31st.

III. General Ledger Software – Update

Mr. Braun stated that the staff has met and is working with the Office of Information Technology and the Department of Labor in implementing a new payroll management and financial reporting system. The payroll management should be complete by the end of the fiscal year and in operation in July or August. In conjunction with the payroll system we will implement the Business Objects, a State financial reporting software which will be in operation some time in August.

In May we will be looking at a general ledger package that we can feed this information into so it will provide an accrual basis system. We will decide which package we want to settle on. We may choose the Microsoft Dynamics system used by the Foundation or another general ledger system. This project will probably go into Fiscal 2011 and hopefully by November or December this will be in operation.

Ms. Hoopes Halpin asked if the payroll system was a State system. Mr. Braun stated that it was a State system and is free. We would have to check with the State regarding this service if NJN's state status changed. The Business Objects system will cost some money but no where near the amount of money budgeted.

Mr. Braun acknowledged the work that Lynn Pennell has put into this project.

Mr. Blumenthal asked if NJN does move in the direction of independence as the Governor mentioned in his speech, can we delay this? Mr. Braun stated that we would have to work within the time frames set by OIT. There are other agencies doing this at the same time. We fit into a schedule. This will be a big asset in managing the business.

Ms. Hoopes Halpin stated that we need to determine whether this will transfer to the private sector and if it will cost more or less than another system. Mr. Braun stated that he will check with OIT and see if NJN changes, can we still do this.

Mr. Braun stated that the Foundation currently uses paychecks for its payroll system. This is a relatively inexpensive system.

Mr. Blumenthal stated that we should compare prices because if we are charged for this service we should know what the prices are in the commercial market as well. Ms. Cummis agreed that we should research this. Mr. Blumenthal asked if we should move forward with this or wait. Mr. Braun will research this with OIT.

Ms. Manahan asked how the audit was going because there was some concern last year. Mr. Braun stated that Mercadien has done all of the field work. On the issue of the program rights, we are now amortizing our program rights so that comment will now go away. The general ledger comment will not go away. Some the audit requirements will be solved with the Business Objects system. There were some payable issues. They will review them at the Audit Committee meeting. There are some time constraints because this is their busy time and we have had some delays in getting information to them

because of other pressing issues. Mr. Braun said that other than that it has been a typical audit process.

Ms. Hoopes Halpin asked the staff present if they had any comments or questions.

Kathy Budd stated that the NJN staff has a lot of questions and suggested that they be put in a written format for the Board. If we are moving in the direction of going private, how does that work? How do we deal with contracts? Can we ask the Governor for anymore money?

Mary Kate Maloney asked about the possibility of legislation being created to get money from cable bills for NJN. Mr. Blumenthal said he checked on this last year in Pennsylvania. There were two areas of conflict – one, whether certain public television stations could lobby for that and who would they lobby to and the second issue was that if the cable companies agreed in one state, would this set a precedent in other state? So likely it would become a national issue not a local issue. At that point, the Pennsylvania stations did not pursue this. There is a surcharge in Pennsylvania to cable networks for PCN. That is a statewide news service. There is some precedent there.

Ms. Manahan stated that we don't have any answers yet as we move forward through a lengthy process. We could look at this potential for legislation here in New Jersey.

Eileen Gallagher asked about the meeting with Mr. Bagger, the Governor's Chief of Staff and why it was cancelled and if it is rescheduled. Ms. Manahan stated that the meeting will be rescheduled soon.

Ms. Gallagher asked if the Board was surprised of the Governor's announcement regarding NJN changing to an independent station. Ms. Hoopes Halpin stated that the Board was surprised. However, the transition team had spoken to NJN.

Ms. Manahan stated that the transition report did offer this option as something to be looked at for NJN. Ms. Manahan said that the Governor offered it as something to be looked at for NJN in his speech. We don't know if NJN will be an agency considered for privatization by the task force appointed by the Governor. But if we are, the Governor said at his news conference, that this was an exercise in examining and looking at whether or not this could be done. There are political and very complicated legal issues and technical issues that would have to be examined.

Ms. Manahan stated that in the Governor's Budget Message he said NJN can and will continue to exist. Ms. Manahan feels that this Administration is committed to NJN continuing to exist. Right now there are many unanswered questions.

Ms. Gallagher asked if this has to go through the Legislature. Ms. Hoopes Halpin stated that the Legislation that created NJN as a State entity would have to have new Legislation to make it be something different. Ms. Manahan stated that that would have had to have happened in previous attempts as well and it did not happen.

Mr. Blumenthal stated that we were not surprised that there was a budget cut because when he and Mr. Braun met with OMB it was made clear that NJN would not get more money and most would get less. Ms. Manahan said that NJN was one of 2,000 in the budget that were impacted.

Mr. Blumenthal said that because of this situation and best practices over-all, Mr. Blumenthal has asked Ms. Selinger to review all of the state contracts. This will be reviewed and a summary will be available for the next Board meeting.

Ms. Hoopes Halpin stated that Finance Department is not ready to present a balanced budget for FY 2011 which the Board is required to do by law. A bit more work needs to be done before we can present that.

V. EXECUTIVE SESSION

Ms. Hoopes Halpin made a motion to go into Executive Session. Ms. Cummis seconded the motion. The motion was approved unanimously.

Ms. Hoopes Halpin made a motion to exit Executive Session. Ms. Cummis seconded the motion. The motion was approved unanimously.

VI. ADJOURNMENT

Ms. Hoopes Halpin made a motion to adjourn the meeting. Ms. Cummis seconded the motion. The motion was approved unanimously.